
2008 Semi-Annual Stock Market Performance Overview

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Investments

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1.0 EXECUTIVE SUMMARY

2008 has marked the start of a challenging period for Jordan following the removal of government subsidies on prices of fuel and grains, coupled with rising global inflation and the sky-rocketing prices of the key commodities, oil and food, in the international market. The rising energy costs are being fed through to prices of products across the globe, and are hiking up costs of products in the domestic market through imported inflation. Domestic inflation is registering double digit figures, and the global economic slowdown, particularly with regards that of the United States, is hitting hard on Jordan's economy, reducing its export growth and negatively impacting on its current account balance.

These challenges have not, however, been mirrored in the performance of the Amman Stock Exchange, which registered a significant 39.5% increase during the first half of 2008, rising from 7,519.3 points at the end of 2007 to 10,490.8 points at the end of June, based on the weighted index, or 29.9% from 3,675.0 points to 4,772.2 points over the same period, based on the free float index.

The ASE registered a 29.9% increase during the first half of 2008, based on the new free float weighted index

The first half of the year marked a period of record breaking, with the General Index penetrating the 10,000 point barrier to reach an all-time high of 11,116.7 points on June 18th, while overall, an impressive 87 companies registered new highs during the first six months of 2008 compared to their highs of 2007.

In a period of high inflation, the strong corporate performance of the stocks is to be expected, and equities are frequently used as a hedge against inflation. Corporate earnings and dividends tend to perform well in periods of inflation, which manifests in the share price, particularly for stocks that operate in the segments of the economy that are creating the high inflation, as investors try to catch the upward price wave. This was evident for many of the market heavyweights which registered new price levels during 2008, the most significant of which were the Arab Potash Company, which soared to a high of JD 99 compared to a price of JD 34.89 at the end of 2007, and the Jordan Phosphate Mines, with a 457.8% increase in price from JD 12.01 at the end of 2007 to a high of JD 66.99 on June 19th.

Trading activity in the market overall was strong, supported by the high liquidity in the market, evident in the levels of trading volume and value, which registered at 3.27 billion shares and JD 12.29 billion for the first six months of 2008 versus 4.48 billion shares and JD 12.35 billion for the entirety of 2007. The average daily trading value doubled to JD 99.1 million for the six months versus JD 50 million in 2007 and the JD 69.1 million average that was reached during the Index's previous boom back in 2005. The high liquidity came on the back of declining interest rates offered on deposits, which encouraged investment in the stock market as opposed to the safer bet of banking returns, while money supply, measured by M2, increased to JD 1.61 billion against JD 1.50 billion in 2007 and remittances from Jordanians living abroad increased to JD 1.05 billion for the first five months of 2008 compared to JD 917 million for the same period of 2007. This, coupled with strong corporate financial results and positive sentiment in the market, was reflected in the performance of a number of stocks, particularly the blue-chips, which pulled up the overall market. But the upturn was not widespread across the board, with 108 companies out of a total of 222 companies traded during the period ending the first half of 2008 down compared to their closing price at the end of 2007.

Trading volume registered at 3.27 billion shares while the trading value reached JD 12.29 billion

Going forward, with the onset of a global slowdown, we would expect foreign investment in the stock market to decline as investors begin to liquidate positions and withdraw their funds. The recent declines in oil prices will also negatively affect the Jordanian capital market through reduced excess liquidity in the Gulf, which reaches Jordan both through foreign investment and

as remittances. Moreover, rising global inflation levels should lead to a raise in interest rates, and we would expect to see this in the United States in the short- to medium-term, an action that will be duplicated in Jordan due to the peg to the dollar. However, the strong corporate profitability, alongside the apparent strengthening of the dollar against other major currencies, should help ease some of the pressures facing the Jordanian economy, and therefore the stock market.

Technical analysis of the General Index trend appears to suggest that its major trend is still up, with no indications as yet that the trend has been broken. However, it is fluctuating within a downward channel with a range of 4,720 and 4,380 points, as of the end of August 14th, and all technical analysts' eyes are on the Index to see if it will break its 100-day moving average in a downward direction, a signal of a possible reverse in its major trend, and its 200-day average at the 4,000 point mark, a confirmation of the signal that a reversal of the major upward trend has taken place.

Technical analysts are looking out for a downward break in the 100-day moving average

2.0 MARKET HIGHLIGHTS

Key Statistics	2003	2004	2005	2006	2007	2008 **
Number of Listed Company	161	192	201	227	245	253
Market Cap (JD Million)	7,772.8	13,033.8	26,667.1	21,078.2	29,214.2	40,406.3
Value Traded (JD Million)*	520.3	1,505.4	6,785.8	7,982.9	6,140.9	12,293
Average Daily Trading (JD Million)	7.7	15.4	69.1	58.7	50.0	99.1
Traded Shares (Million)*	337.8	553.3	1,334.0	1,916.0	2,085.6	3,270.6
No. of Transaction (Thousand)*	288.0	497.0	1,088.7	1,579.7	1,711.5	2,2491
No. of Trading Days*	116	122	122	120	124	124
Turnover Ratio*	16.8	25.5	51.1	51.8	44.4	56.8
Historical P/E Ratio	31.1	44.2	16.7	28.0	31.0	31.0
Historical P/BV Ratio	1.9	2.7	3.2	2.9	3.0	3.6
Non- Jordanian Buying (JD Million)*	65.1	206.3	688	1,149.4	1,293.6	2,020.8
Non-Jordanian Selling (JD Million)*	75.2	122.2	602.9	1,000.4	1,013.3	1,835.0
Net Investment of Non-Jordanian (JD Million) *	(10.1)	84.0	85.1	149.0	280.3	185.8
Market Cap/ GDP %	116.8	184.7	326.6	233.9	289.0	360.0

* Figures are for the period January - June

** As of June 30th 2008

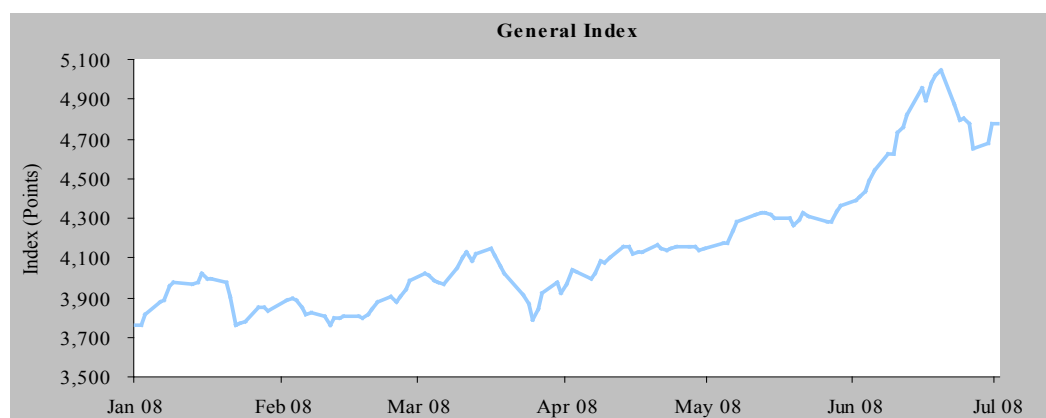
Source: Amman Stock Exchange

3.0 MARKET PERFORMANCE

3.1 General Index Performance

Following a turbulent performance by the Amman Stock Exchange in 2007, the first half of 2008 saw the General Index continue on the upward climb that had commenced in the final quarter of the previous year. The Index kicked off 2008 with a positive start, following a consistent uphill climb, penetrating the 4,000 point resistance level on January 15th to end the day at 4,022.5 points (equivalent to 8,257.6 points on the weighted index). This marked the highest point reached by the General Index since February 2006. However, by the third week of trading, the Index shifted into downward gear, falling to its lowest level for the first half of 2008 of 3,756.9 points on February 11th. The Index continued to fluctuate between 3,800 and 4,000 points for the next two months, before rising to its peak for the first quarter of 2008, at 4,147.6 points, on March 16th.

The General Index has followed an overall upward climb in the first six months of 2008...



The final two weeks of March, however, saw the market begin to settle down as investors liquidated positions to realise profits and close margin positions, and to await announcements of first quarter financial results. The decline in trading activity caused the Index to lose over 200 points, ending the first quarter of 2008 at 3,925.6 points, albeit still 4.3% higher than the start of the year.

April marked the start of a steady ascent triggered by dramatic increases in prices of the market's

heavyweights, particularly the Arab Potash Company and Jordan Phosphate Mines, whose prices were boosted by the substantial increases in the international prices of fertilisers, and their corresponding input commodities, potash and phosphate. The Index broke a number of records during this period, penetrating the 5,000 point mark, in addition to reaching an all-time record high of 5,043.7 points on June 19th, far exceeding year 2005's peak of 4,767.2 points. However, with the approach of the end of the first half of the year, aggressive selling activity saw the Index fall by 5.4% from its peak to end the month of June at 4,772.2 points, giving an overall ascent in the Index of 29.86% since the start of the year.

... and broke its all-time high, reaching 5,043.7 points

Worth noting is that the Amman Stock Exchange adopted the free-float market capitalisation weighted index on June 8th 2008, instead of the previously weighted index by market capitalisation. The new index was intended to more accurately reflect the market's performance, reducing the impact of the larger stocks, and enabling smaller stocks to influence the index movement. Each company's weight in the index is determined by the market cap of its free float shares, and each has a cap of 10% on its weighting in the index.

A free-float market capitalisation weighted index was put into effect in June

3.2 Market Best and Worst Performers

Despite the unprecedented performance of the Amman Stock Exchange during the first half of 2008, in terms of individual performances, the number of companies whose share prices declined outnumbered the risers at 108 companies to 103. Nonetheless, the average price change for the advancers far exceeded that of the decliners, with many companies more than doubling their share price during the six month period.

Prices of 103 companies' shares rose while 108 declined

The Jordan Phosphate Mines stole the limelight, with its share price quadrupling to JD 61.58, up a whopping JD 49.57 in the first half of 2008. Trust International Transport, which was re-listed on June 29th after being suspended for three years, had only one transaction undertaken on its stock following its relisting. This transaction was executed at a price of JD 3.00 compared to its previous close of JD 0.72, thereby positioning it in second place on our list.

The top gainer for H1 2008 was the Jordan Phosphate Mines, whose share price rose by 412.7%

Top Gainers

Company	Share Price 31/12/07	Share Price 30/06/08	% Change	Net Profit June 2007	Net Profit June 2008	% Change
Jordan Phosphate Mines (JOPH)	12.01	61.58	412.7%	13,980,089	75,273,943	438.4%
Trust International Transport (TRTR)	0.72*	3.00	316.7%	6,270	58,162	827.6%
Damac Real Estate Dev. (DMAC)	1.00**	3.34	234.0%	N/A	53,497	N/A
Middle East Diversified Invest (MEDI)	2.27	6.80	199.6%	9,281	993,955	10,609.6%
The Islamic Insurance Company (TIIC)	1.54	4.58	197.4%	644,453	6,645,801	931.2%
Al Amin for Investment (AAFI)	2.16	6.10	182.4%	1,292,974	15,448,114	1,094.8%
United Financial Investment (UCFI)	2.68	7.00	161.2%	658,871	3,620,436	449.5%
Jordan Petroleum Refinery (JOPT)	7.41	17.87	141.2%	2,954,816	2,277,167	(22.9%)
Jordan Vegetable Oil Industry (JVOI)	1.35	3.15	133.3%	(332,942)	943,265	383.0%
Arab Potash Company (APOT)	34.89	81.25	132.9%	97,976,000	90,066,000	(8.1%)

* Price as of 27/03/03

** Price represents issuance price

Source : Amman Stock Exchange & Company Annual Reports

Worth highlighting is the presence of some of the market's largest stocks within our list of top gainers, with the Jordan Petroleum Refinery registering a price increase of 141.2% and the Arab Potash Company experiencing a share price increase of 132.9% to reach JD 81.25 at the end of June 2008. These two companies, combined with the Jordan Phosphate Mines, comprise around 25% of the total market cap, indicating the primary role played by their respective share performances in the upshoot of General Index.

JOPH, APOT and JOPT contributed to around 25% of the total market cap

It was not good news for all, with a number of companies' share prices plummeting. Jordan New Cable Company was our top decliner for the period, with a 53.8% decline in share price from JD 7.14 at the end of 2007 to JD 3.30 on June 30th 2008. An important point to note is that our top three decliners, the Jordan New Cable Company, the Ready Mix Con. & Const. Supply, and Societe Generale de Banque - Jor., all increased their capital during H1 2008, which led to a downward adjustment on their stock prices. By comparing the market capitalisation of the three companies at the end of 2007 and at the end of June 2008, this removes the effect of the adjustment to the reference price of the stock, and highlights that the actual declines in these companies' share prices were 7.6%, 3.6% and 9.8% respectively, instead of 53.8%, 42.2% and 39.9%.

The top decliner for H1 2008 was Jordan New Cable Company, with a 53.8% drop in share price

Top Decliners

Company	Share Price 31/12/07	Share Price 30/06/08	% Change	Net Profit June 2007	Net Profit June 2008	% Change
Jordan New Cable Company (JNCC)	7.14	3.30	(53.8%)	5,693,362	4,808,051	(15.5%)
Ready Mix Con & Const Supply (RMCC)	4.84	2.80	(42.2%)	1,157,943	1,433,618	23.8%
Societe General de Banque- Jor. (MEIB)	4.19	2.52	(39.9%)	1,197,631	1,725,042	44.0%
Jordan Int'l Trading Centre (JITC)	3.94	2.38	(39.6%)	229,718	738,195	221.3%
Industrial Commercial & Agri (ICAG)	0.87	0.55	(36.8%)	2,657,372	(541,990)	(120.4%)
Winter Valley Tourism Invest (WIVA)	2.58	1.69	(34.5%)	(26,975)	119,118	541.6%
Jordan Dubai Properties (REIN)	2.06	1.36	(34.0%)	59,497	(224,193)	(476.8%)
Premier Business and Projects (ACDT)	10.70	7.07	(33.9%)	207,439	581,026	180.1%
Oasis Insurance (OASI)	0.96	0.64	(33.3%)	(1,588,062)	(1,770,242)	(11.5%)
Jerusalem Insurance (JERY)	4.41	3.00	(32.0%)	781,588	N/A	N/A

Source : Amman Stock Exchange & Company Annual Report

Of the above list of declines in share price, only four of the companies actually represent a true decline in share price; Jordan Int'l Trading Centre, Industrial Commercial & Agri, Premier Business and Projects, and Oasis Insurance. The remainder experienced adjustments to their stock prices as a result of increasing their capital.

3.3 Market Capitalisation

Throughout the first six months of this year the Amman Stock Exchange market cap has been on the rise, driven by substantial share price appreciation for a number of the larger stocks, registering at JD 40.41 billion at the end of June compared to JD 29.21 billion just six month prior, giving an impressive growth rate of 38.34%

Total market cap soared to JD 40.41 billion...

The bulk of the increase in the total market cap can be attributed to the Arab Potash Company, whose market cap increased by a substantial JD 3.86 billion to register at JD 6.77 billion, making up almost 17% of the total market cap at the end of June 2008, and the Jordan Phosphate Mines, whose market cap increased by JD 3.72 billion, from JD 900.75 million to JD 4.62 billion over the same period.

.. with APOT contributing 17% of the market cap...

Largest Ten Companies in Terms of Market Cap

Company	Market Cap 31/12/2007	% of Total Mkt Cap. 2007	Market Cap 30/6/2008	% of Total Mkt Cap. 2008	% Change in Market Cap
Arab Bank (ARBK)	10,445,040,000	35.8%	11,571,780,000	28.6%	10.8%
Arab Potash Company (APOT)	2,906,947,575	10.0%	6,769,546,875	16.8%	132.9%
Jordan Phosphate Mines (JOPH)	900,750,000	3.1%	4,618,500,000	11.4%	412.7%
Housing Bank for Finance & Trade (THBK)	1,802,500,000	6.2%	2,145,000,000	5.3%	19.0%
Jordan Telecom (JTEL)	1,405,000,000	4.8%	1,587,500,000	3.9%	13.0%
Jordan Kuwait Bank (JOKB)	618,750,000	2.1%	740,000,000	1.8%	19.6%

Company	Market Cap 31/12/2007	% of Total Mkt Cap. 2007	Market Cap 30/6/2008	% of Total Mkt Cap. 2008	% Change in Market Cap
Jordan Cement Factory (JOCM)	661,866,837	2.3%	661,866,837	1.6%	-
Jordan Petroleum Refinery (JOPT)	237,120,000	0.8%	571,840,000	1.4%	141.2%
Jordan Islamic Bank (JOIB)	373,750,000	1.3%	559,650,000	1.4%	49.7%
Taameer Jordan Holdings (TAMR)	468,480,381	1.6%	468,481,486	1.2%	-

Source: Amman Stock Exchange

The largest five heavyweights of the market constitute a substantial 66.1% of the total market cap, at JD 26.69 billion, while the largest ten constitute 73.5% of the total. The Arab Bank has maintained its position as the leader in terms of market cap, but has lost out on its share of the total from 35.8% to 28.6%, despite its 10% increase in market cap during the six months ended June 30th 2008.

...while the Arab Bank retained its position as having the largest market cap in the market

3.4 Market Price-to-Earnings (P/E) and Price-to-Book Value (P/BV) Ratios

The market price-to-earnings (P/E) ratio at the end of the first six months of 2008 reached 31.0 times, according to the Amman Stock Exchange, rising from 28.0 times at the end of 2007. The main culprits were the Jordan Phosphate Mines and the Jordan Petroleum Refinery, whose P/E ratios soared to over 100 times following the stellar performance of their shares over that period. Compared to an ideal P/E ratio for emerging markets of around 15 times, this suggests that the Jordanian market as a whole is overvalued.

The market P/E registered at 31.0 times at the end of June

In terms of price-to-book value (P/BV) the market had a ratio of 3.6 times at the end of June 2008 compared to 2.3 times over the same period of 2007, with the Jordan Phosphate Mines, the Arab Potash Company, and the Jordan Petroleum Refinery contributing significantly to this rise, following the sharp increases in their respective share prices over the period, accompanied by a much less significant increase in their book values.

The market P/BV registered at 3.6 times at the end of June

P/E and P/BV for Largest Ten Companies

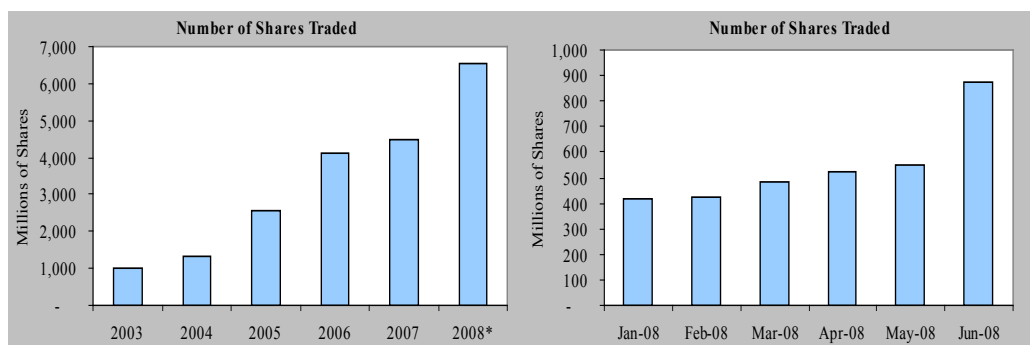
Company	P/E (times) 31/12/2007	P/E (times) 30/6/2008	P/BV (times) 31/12/2007	P/BV (times) 30/6/2008
Arab Bank (ARBK)*	39.673	34.578	3.376	3.261
Arab Potash Company (APOT)	74.272	45.073	10.858	17.404
Jordan Phosphate Mines (JOPH)	56.047	100.162	5.809	23.864
Housing Bank for Finance & Trade (THBK)	19.515	19.903	2.230	2.522
Jordan Telecom (JTEL)	16.152	16.799	3.498	3.861
Jordan Kuwait Bank (JOKB)	15.811	16.675	3.297	3.411
Jordan Cement Factory (JOCM)	11.998	13.731	3.999	3.819
Jordan Petroleum Refinery (JOPT)	51.560	130.028	3.984	9.242
Jordan Islamic Bank (JOIB)	24.156	24.345	3.241	4.193
Taameer Jordan Holdings (TAMR)	-	-	-	2.359

* Based on Arab Bank Plc earnings and not the Group's earnings
Source: Amman Stock Exchange

3.5 Trading Activity

3.5.1 Volume Traded

Trading volume for the first half of 2008 reached 3.27 billion shares compared to 2.09 billion shares traded over the same period of 2007, registering an increase of 56.5%. In terms of annual trading volumes, the Amman Stock Exchange has seen a steady ascent in the levels of trading over the years. However, on annualising the H1 2008 volume, a sharp increase in the number of shares traded is evident.



* Annualised Jan-June 2008 figures
Source: Amman Stock Exchange

A monthly analysis of the volumes traded during the first half of 2008 reveals that the monthly levels of trading were consistent, aside from the month of June, where the number of shares traded reached JD 874.4 million including block deals, equivalent to 26.75% of the total volume traded during the period.

Most Active Stocks in Terms of Volume of Shares Traded

Company	Volume of Shares Traded*
Ad- Dulayl Industrial Park (IDMC)	176,706,113
Jordan Electric Power (JOEP)	153,300,914
Tajamouat for Catering and Housing (JNTH)	118,974,966
Union Arab Investment (UAIC)	112,600,761
Union Land Development Corporation (ULDC)	111,980,474
Jordan Petroleum Refinery (JOPT)	111,762,267
Union Investment Corporation (UINV)	104,371,553
Royal Jordanian (RJAL)	100,375,454
South Electronics (SECO)	96,823,267
Al Faris National Company for Investment and Export (CEBC)	93,638,108
Total	1,180,533,977

* Excluding Block Deals
Source: Amman Stock Exchange

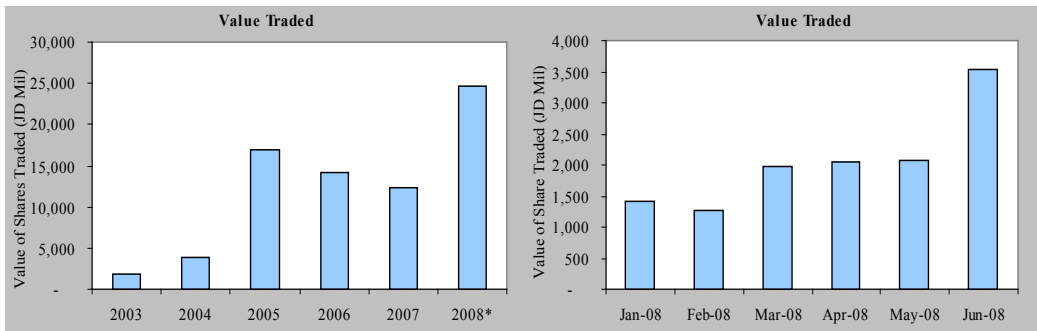
Despite its absence from trading for over three years, Ad-Dulayl Industrial Park Co. & Real Estate returned to the market with a blast, ranking itself at the top position of our list of most active stocks in terms of volume of shares traded, with 176.71 million shares traded during the first six months of this year, amounting to approximately 5.4% of the total shares traded, excluding blocks. Royal Jordanian, which was listed at the end of 2007, was a relatively newcomer to the market and managed to position itself on the list of top performers, with over 100 million shares traded. Strikingly the majority of our top performers were from the Services Sector, with members of the insurance and banking sectors completely lacking from our list.

IDMC was the most actively traded stock in terms of number of shares

The total number of shares traded for the top ten companies amounted to 1,181 million shares which corresponds to 38.4% of the entire trading activity for the first six months of 2008.

3.5.2 Value Traded

Trading value doubled over the first half of the year to reach JD 12.29 billion (including block deals) compared to JD 6.14 billion at the end of June 2007. This increase is attributed to intense trading activity on heavyweight stocks, such as the Arab Potash Company and the Jordan Phosphate Mines Company, whose stock prices have reached high record levels in 2008, in addition to other market blue-chips such as the Arab Bank. The average daily trading climbed to JD 99.1 million compared to JD 49.5 million over the same period in 2007.



* Annualised Jan-June 2008 figures
Source: Amman Stock Exchange

Once again, the month of June was the most active month in regards to the value of shares traded, which reached JD 3.53 million during the month, corresponding to 28.72% of overall value traded for the first half.

Most Active Stocks in Terms of Value of Shares Traded.

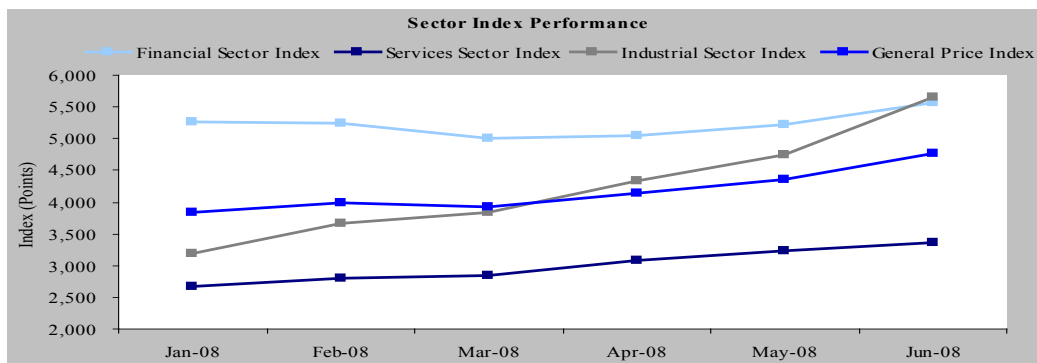
Company	Value of Shares Traded*
Jordan Petroleum Refinery (JOPT)	1,609,213,141
Jordan Phosphate Mines (JOPH)	1,307,580,696
Jordan Electric Power (JOEP)	982,319,695
Arab Bank (ARBK)	839,921,372
Jordan Steel (JOST)	525,880,494
Royal Jordanian (RJAL)	366,833,904
Tajamouat for Catering and Housing (JNTH)	334,158,877
Ad- Dulayl Industrial Park (IDMC)	318,989,513
Specialized Investment Compounds (SPIC)	318,042,462
Union Arab Investment (UAIC)	287,818,101
Total	6,890,758,254

* Excluding Block Deals
Source: Amman Stock Exchange

The Jordan Petroleum Refinery claimed the lion's share of trading value, at JD 1.61 billion, corresponding to approximately 13.7% of the entire market's trading value. It was followed by the Jordan Phosphate Mines with JD 1.31 billion and the Jordan Electric Power, with JD 0.98 billion. The total value of shares traded of the ten most active stocks amounted to JD 6.89 billion, making up 58.75% of the value of all shares traded for the first half of the year.

JOPT was the most active stock in terms of value traded

4.0 SECTOR PERFORMANCE



All sector indices rose during the period...

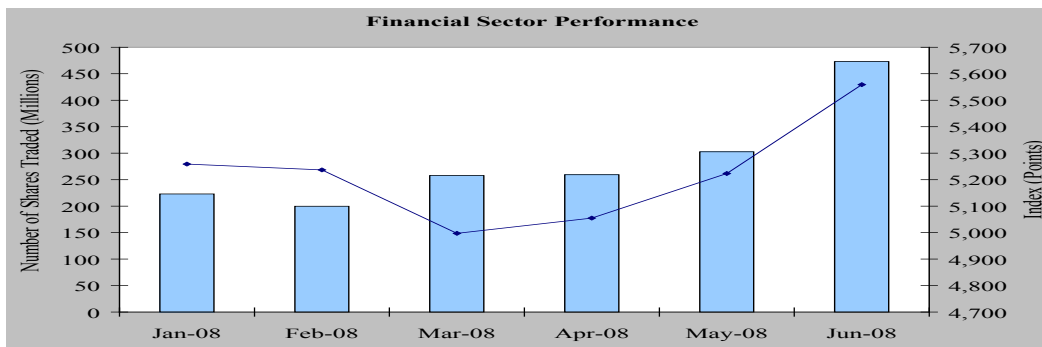
The indices of the three main sectors followed a consistent uptrend, with the exception of the Financial Services Sector, which dropped during the months of February and March by 5.0% in

total, from 5,258.7 points at the end of January to 4,997.1 points at the end of March. However, the Sector Index recovered during the second quarter of 2008 to end the first half of the year up by 8.3%. Meanwhile, the Services Sector ascended over the same period by an impressive 36.8%, and the Industrial Sector Index, substantially outperforming the market, rose by a whopping 82.7%.

4.1 Financial Sector

The Financial Sector, which includes banks, insurance, real estate, and diversified financial services, started off well in 2008, with its index rising by 2.5% in January to reach 5,259 points, and the volume of shares traded reaching 223.06 million shares, an increase of 55% over the previous month. However, as mentioned, the months of February and March witnessed a decline in the index by 5%, coupled with an increase in the volume traded to arrive at 257.75 million shares. The following months of April, May and June showed a dynamic performance, where the index rose to 5,559 points, up 8.34% from the beginning of the year. The volume of shares traded registered at 1.72 billion, while the value of shares traded amounted to JD 5.03 billion, excluding block deals, giving market shares of 55.8% and 42.8%, respectively.

... with the financial services sector rising 8.3%



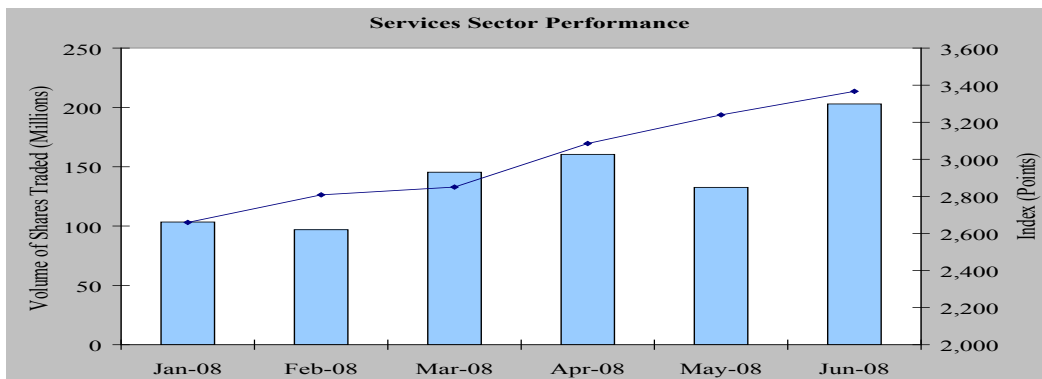
The Arab Bank led the sector in terms of value of shares traded with JD 839.92 million, followed by Al-Tajamouat for Catering and Housing, which recorded a total value of JD 334.16 million. In terms of volume traded, Al-Dulayl Park and Tajamouat Catering claimed the lion's share, at 176.71 million and 118.97 million shares, respectively.

4.2 Services Sector

The Services Sector Index witnessed a relatively steady growth, with an average rise of 5.4% per month. Within the first half of the year, the Index consistently rose, ending each month higher than the prior month, to register an overall increase of 36.8% since the start of the year.

... the services sector rising by 36.8%

In terms of volume of shares traded, there was a general upward trend with slight decreases in the number shares traded during the months of February and May. Following the drop in trading activity in May, June witnessed a 53% increase to register at 202.94 million shares traded. For the first half of 2008 in total, the volume traded reached 841.61 million, with a trading value of JD 4.02 billion.



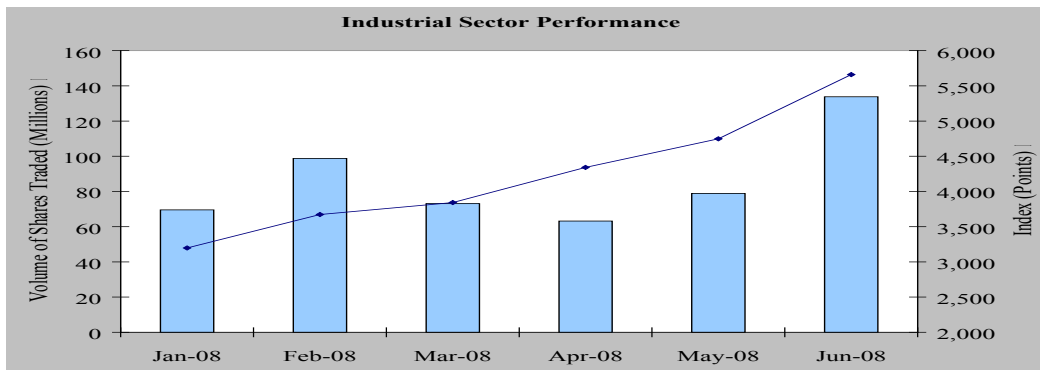
The top performers in terms of trading value for the sector were Jordan Petroleum Refinery, Jordan Electric Power, and Royal Jordanian, with values traded of JD 1.61 billion, JD 982.32 million and JD 366.83 million respectively.

Jordan Electric Power led the sector in regards to the volume of shares traded, with 153.30 million shares, followed by Jordan Petroleum Refinery and Royal Jordanian with 111.76 million and 100.37 million shares, respectively.

4.3 Industrial Sector

The Industrial Sector Index has surged since the start of the year, rising by an impressive 82.7% within the first the six months. Its most notable increase was in the month of June where the index increased by 19.2% to reach 5,660 points. This is attributed to the vivacity in the phosphate and potash markets, on the back of soaring international demand and rising prices of these commodities. The volume of shares traded in this industry began the year with an increase in January and February to reach 98.75 million shares before declining in March and April. The volume traded picked up the pace once again in May and June. Overall, the volume of shares traded reached 517.35 million, excluding block deals, during the first half of 2008, with a total trading value of JD 2.68 billion.

... and the Industrial Sector rose by 82.7%



Jordan Phosphate Mines contributed the larger part of the value traded for the Industrial Sector, with a total trading value of JD 1.31 billion for the first half of 2008, which corresponds to 48.8% of sector total. Next were the Jordan Steel Company, which had a total value of JD 525.88 million, the Middle East Complex, with JD 174.31 million, and the Arab Potash Company with JD 138.75 million.

Jordan Steel claimed the lion's share of the trading volume, with 72.74 million shares traded, followed by Middle East Complex and the Jordan Phosphate Mines with 63.93 million and 43.38 million shares respectively.

5.0 IPO MARKET

During the first half of 2008, the Amman Stock Exchange welcomed eight new companies, thereby increasing the number of listed companies to 253 compared to 245 at the end of 2007. Each of the eight companies represented initial public offerings (IPOs), and were offered to the market at an issuance price of JD 1.00 per share. The stocks were all listed at a floating price, and all ended their first day of trading at outstanding levels, registering price appreciations, in many cases, of one hundred percent and more. However, as typical in the Jordanian IPO market, the rise in prices did not last long, with the majority of companies' share prices dropping to end the first half with a negative return compared to the first trading day closing price.

8 new companies were listed on the Amman Stock Exchange in H1 08

IPOs listed during H1 2008

Company	Issuance Price	First Day Closing Price	Closing Price June 30th, 08	Listing Price Change	Post Listing Price Change
	(1)	(2)	(3)	(2) - (1)	(3-2)
United Cable Industry (UCIC)	JD 1.00	JD 1.31	JD 1.31	31.0%	0.0%
Model Restaurant (FOOD)	JD 1.00	JD 1.68	JD 1.60	68.0%	(4.8%)
Damac Real Estate Dev. Jo (DMAC).	JD 1.00	JD 2.31	JD 3.34	131.0%	44.69%
Rum Tourist Transport (RUMM)	JD 1.00	JD 2.48	JD 2.16	148.0%	(12.9%)
Darat Jordan Holdings (DARA)	JD 1.00	JD 1.16	JD 1.2	16.0%	3.5%
Comp. Multiple Trading (ABUS)	JD 1.00	JD 2.58	JD 2.27	158.0%	(12.0%)
Sherco Investments (SHBC)	JD 1.00	JD 2.62	JD 1.74	162.0%	(33.6%)
Sabak Investments (SABK)	JD 1.00	JD 1.40	JD 1.42	40.0%	1.4%

Source: Amman Stock Exchange

6.0 BLOCK DEALS AND THE RIGHTS ISSUE MARKET

Block trades for the first half of the year reached a value of JD 545.79 million. The shares traded during the block trades in the first half of this year showed a somewhat upward trend where the number of stocks traded in block deals reached 52,750 million shares in June with a value of JD 137.37 million, exceeding all previous months of the year.

Block trades amounted to JD 545.79 million

The number of rights issues traded during the first six months of the year amounted to 24.11 million rights for an aggregate value of JD 22.45 million. The first five months witnessed very little fluctuations in the number of rights traded which averaged at 1.97 million rights per month. However, the month of June witnessed a notable increase in the number of traded rights to reach 14.28 million rights, an astonishing 626% over the average number of rights traded per month for the first five months, corresponding to the overall increase in trading activity during the month.

Rights issues traded amounted to 24.1 million rights and JD 22.45 million value

7.0 PRIMARY FACTORS INFLUENCING THE STOCK MARKET

7.1 Money Supply

A rising money supply, as measured by changes in M2, suggests growing liquidity in the market that can flow into the capital markets and bolster stock prices. M2 growth has been positive over the past few years reaching JD 15.61 billion at the end of 2007, and the first half of 2008 saw a JD 1.61 billion increase in the M2, equivalent to a 10.3% rise, to reach 17.22 billion at the end of June. The bulk of the increase is attributed to the JD 1.49 billion rise in the balance of 'claims on the private sector (residents)'.

M2 rose from JD 15.61 billion at 2007 year end to JD 17.22 billion as of June 2008

Money Supply (M2) Growth

(JD Millions)	2003	2004	2005	2006	2007	June 2008
Money Supply (M2)	9,465.7	10,571.4	12,364.0	14,109.7	15,606.8	17,218.3
% Change	12.4%	11.7%	17.0%	14.1%	10.6%	10.3%

Source: Central Bank of Jordan

7.2 Foreign Investment

Efforts by the Kingdom to promote itself as a viable investment venue have been bearing fruit in recent years, and foreign investment has been on the rise. The recovery of the stock market in late 2007 and the boom in 2008 has helped attract foreign investors looking to diversify their investment portfolios in capital markets outside their home country. Foreign ownership of the total market cap has surged from 48.9% at the end of 2007 to 50.9% as of June 2008, with total selling and buying transactions registering at JD 2.02 billion and JD 1.84 billion respectively over the six month period, compared to the selling activity of JD 1.29 billion and buying activity of JD

Foreign ownership of the total market cap amounted to 50.9% as of June 30th 2008

1.01 billion over the same period in 2007. A point to note is that foreign ownership of the market cap has risen, despite selling activity exceeding buying activity, due to the rise in prices of the market blue-chips, which are key investment attractions for foreign investors.

7.3 Remittances

The surging international prices of oil have had a direct effect on the economic development and growth of countries in the region, particularly the oil-rich GCC countries. The abundance of liquidity in those countries, generated from oil profits, attracted more Jordanian to work abroad, where higher salaries are offered. This has positively impacted on the Jordanian capital market through rising values of remittances over the years, contributing to the levels of liquidity available in the market. The value of remittances reached JD 1.05 billion during the first five months of 2008 compared with JD 917 million for the same period in 2007, registering a 13% increase, and JD 2.23 billion for the entirety of 2007.

Remittances increased from JD 917 million for the first half of 2007 to JD 1.05 billion for the first half of 2008

7.4 Interest Rates

Declining interest rates offered on deposits tend to positively impact capital market performance, as investors weigh the risks of investing in the stock market against the widening spread between returns offered by banks and those offered by stocks. In 2008, as a result of the peg to the US dollar, the Central Bank of Jordan has been forced to mimic the US Federal Reserve's interest rate cutting strategy. The weighted average interest rates on time deposits in Jordan declined by 13 basis points to 5.36% during the first six months, while those on demand deposits were reduced by 9 basis points. Meanwhile, the General Index of the Amman Stock Exchange flourished, offering a return in excess of 30% over the same period.

Weighted Average Interest Rates Offered by Licensed Banks

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
Demand Deposits	0.89%	0.90%	0.88%	0.90%	0.90%	0.80%
Savings Accounts	1.07%	1.12%	1.09%	1.04%	1.01%	1.07%
Time Demand	5.49%	5.44%	5.38%	5.39%	5.36%	5.36%

Source: Central Bank of Jordan

7.5 Credit Facilities

In a bid to diversify uses of funds and maximise market share, banks in Jordan have begun offering credit facilities to finance the purchase of stocks in the market, as well as the participation in initial public offering, demanding that the purchased equities be offered as collateral against default on the loans. Total credit facilities granted for the purchase of shares as of the end of June 2008 stood at JD 500.6 million, up 17.0% compared to a balance of JD 427.8 million as of the end of 2007.

Credit facilities granted for the purpose of buying shares arrived at JD 500.6 million

Credit Facilities Granted for Buying Stocks (JD million)

(JD Millions)	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
Credit Facilities	439.5	438.7	464.3	459.3	459.9	500.6

Source: Central Bank of Jordan

7.6 Strong Corporate Profitability

The financial performance of listed companies during the first six months of 2008 has been impressive overall, particularly for the blue-chip stocks, which announced unprecedented interim earnings. To date, the aggregate H1 2008 profits/losses for the companies that released their financial results amounted to an impressive JD 945.42 million. Strong corporate performance, in general, is correlated with strong stock performance. However, in the weeks following the release of the majority of financial results, the Amman Stock Exchange General Index has been undergoing

a slump, in contrast to expectations.

7.7 IPO market

The large gains that can be made on IPO stocks on listing generates additional trading volumes in the capital market. All IPO stocks consistently realise a positive return on their first day of trading compared to their issuance price, with some stocks more than doubling in price. Therefore, they help to sustain investor interest in the market, even in times of a slump.

The IPO market continues to be a driver of trading activity

8.0 KEY NEWS HEADLINES FOR THE FIRST HALF OF 2008

- In February 2008, the Jordanian Government fully removed its subsidies on oil prices, with their prices to be amended on a monthly basis in response to international oil price changes.
- During March, the Jordanian Government bought part of its Paris Club debt, equivalent to USD 2.4 billion, using proceeds from its privatisation initiatives. A discount of 11% was offered, and this buyback contributed to lowering the external loans to GDP ratio from 46.8% at the end of 2007 to 28.6% at the end of May 2008.
- Many primary constituents of industrial production have been exempted from custom duties by 6.5-30% so as to support the industrial sector by limiting the increase in production costs. Moreover, sales tax on steel rebars has been lowered from 16% to 8% which directly contributed to the reduction of steel prices by 50 JD per tonne.
- The Government has successfully attracted four companies in the first phase of preparing feasibility studies concerning the exploitation of shale for oil production. Accordingly, the Government will decide whether to commence with the appropriate projects.
- An agreement has been signed with Egypt in April to import additional amounts of natural gas amounting to approximately 0.7-1.0 billion cubic meters annually to satisfy the increased demand of electrical generation plants.
- With regards to mining for oil, the Kingdom has been divided into 8 exploration areas, 6 of which have already been covered by petroleum companies for the purpose of exploration and exploitation.
- The execution of wind power generators project is underway in an effort to increase the contribution of renewable energy in the total energy mix. The project is expected to commence operation by the end of 2009.
- The Government has prepared plans and strategies for providing appropriate housing for nationals by establishing 20,800 apartments during the year, distributed in 26 locations across the Kingdom.
- Scientific and laboratory studies and analysis have assured the presence of approximately 70,000 tonnes of natural uranium in the area middle of the Kingdom. The Jordanian Atomic Energy Commission has been established in March to follow up on the implementation of a peaceful nuclear energy program for the exploitation of Uranium and the setting up of a nuclear reactor for electrical generation.
- The Ministry of Finance is executing the Government Financial Management Information System which aims to tighten the monitoring of governmental financial operations and

expanding and diversifying the tax base.

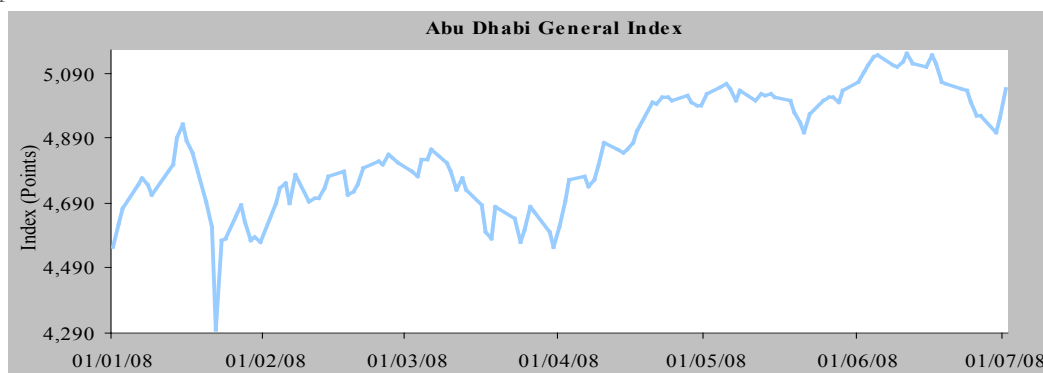
- A new tax law is currently being studied by the Income and Sales Tax Department with the purpose of expanding and diversifying the tax base.
- The Central Bank of Jordan has raised the reserve requirement for licensed banks to 9% instead of 8%, in an effort to control liquidity levels in the local market to reduce inflation. In addition, measures have been conducted to combat inflation including the transformation of indirect subsidies imposed on goods to direct subsidies in the form of transfers, the postponement of the liberalization of natural gas and fodder, the stability of bread and electricity prices and the exemption of several primary commodities from sales taxes and custom duties.
- Despite a need for the Central Bank of Jordan to raise interest rates in order to fight rising inflation, the peg to the dollar has meant that Jordan has had to mimic the U.S. Federal Reserve interest rate declines. Although the CBJ has not imposed interest rate drops hand-in-hand with the Fed, in February the CBJ lowered interest rates by 25 basis points.
- The current policy of the Ministry of Finance is focusing on internal borrowing as opposed to external borrowing through the issuance of treasury bills and bonds so as to avoid dangers of rising interest rates and currency exchange rates to the Dinar.
- The Ministry of Planning and International Cooperation has supported and financed numerous programs that aim to improve and enrich local development. In addition, it has financed and supervised programs, with a cost of \$22 million, which enhance economic and social productivity aiming to increase productivity levels and improving the standard of living for the less fortunate areas in the Kingdom.

9.0 REGIONAL MARKETS

9.1 Abu Dhabi Stock Exchange

Abu Dhabi Stock Exchange started off 2008 positively, rising to 4,930.39 points during its second week of trading, compared to the 2007 year-end price of 4,551.80 points. However, on the 22nd of January the market recorded its low for the first six months of the year, dropping to 4,302.59 points, before rebounding back up and penetrating the 5,000 point barrier on April 20th. On June 11th, the Index climbed to its peak for the first half of 2008, closing at 5,148.49 points. The Index closed at 4,953.83 points on June 30th 2008, registering an overall growth of 8.83% for the period.

The Abu Dhabi Stock Exchange reached a high for H1 2008 of 5,148.5 points and ended the first half of 2008 up 8.8%



Market Highlights

Trading Volume	35.19 billion	P/E (TTM)*	11.76s
Total Turnover	AED 162.28 billion	P/BV*	2.37x
Daily Average Turnover	AED 1.28 billion	ROE	22.82%
Market Cap (June 30th, 08)	AED 455.55 billion	ROA	4.78%

* As of August 14th 2008
Source: Zawya

Trading volume for the period was 35.19 billion shares, and the market cap stood at AED 455.6 billion

Abu Dhabi's Top Share Performers

Company Name	Change In Price
Methaq Islamic Insurance Company (METHAQ.ADSM)	534.95%
International Fish Farming Holding Company (ASMAK.ADSM)	358.12%
Gulf Medical Projects (GMPC.ADSM)	143.49%
Ras Al Khaimah Cement Company (RAKCC.ADSM)	81.99%
National Marine Dredging (NMDC.ADSM)	76.64%

Source: Zawya

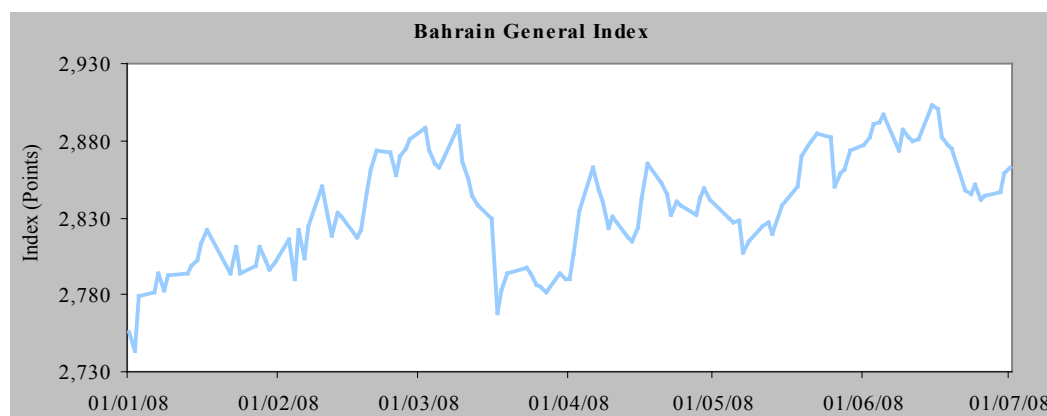
Abu Dhabi Heavyweights' Financial Highlights

- ALDAR Properties (ALDAR.ADSM) registered profits of USD 708.62 million during the first half of 2008 compared with profits of USD 247.09 million for the same period of 2007.
- Aabar Investments (AABAR.ADSM) announced profits for H1 2008 of USD 159.66 million compared with USD 6.77 million for the same period last year. This substantial increase is attributed to gains from the sale of Aabar's subsidiary, Pearl Energy, for an amount of USD 833.3 million, in addition to the sale of Dalma Energy, the Company's Oman-based drilling services unit, for an amount of USD 446 million.
- Abu Dhabi Aviation (ADAVIATION.ADSM) realised H1 2008 profits amounting to USD 10.5 million compared to profits of USD 8.29 million for the same period of 2007.
- Abu Dhabi Commercial Bank (ADCB.ADSM) announced a 14.3% increase in its interim profits to reach USD 294.35 million.
- Abu Dhabi National Energy Company's (TAQA.ADSM) profits for H1 2008 registered at USD 236.60 million versus USD 67.86 million for the same period of 2007.

9.2 Bahrain Stock Exchange

The Bahrain Stock Exchange grew by 3.77% during the first six months of 2008. The Index reached its lowest point of 2,755.27 point on January 2nd, after which it adopted an upward trend, climbing for the first three months to reach 2,889.22 points. However, by mid-March the Index had dropped back down to the 2,700 point level. It picked up again during the second quarter of the year to reach its peak on June 15th 2008, where it closed at 2,902.68 points, before dropping slightly to end the first half of 2008 at 2,859.03 points.

The Bahrain Stock Exchange reached a high for H1 2008 of 2,902.7 points and ended the first half of 2008 at 2,859.0 points



Market Highlights

Trading Volume	981.61 million	P/E (TTM)*	13.21x
Total Turnover	BHD 506.31 million	P/BV*	1.78x
Daily Average Turnover	BHD 4.12 million	ROE	11.47%
Market Cap (June 30th, 08)	BHD 11.45 billion	ROA	1.75%

*As of August 14th 2008

Source: Zawya

Trading volume for the period was 981.6 million shares, and the market cap stood at BHD 11.45 billion

Bahrain's Top Share Performers

Company Name	Change In Price
Innovative Investments (TAMEERK.BSE)	50.89%
Gulf Finance House (GFH.BSE)	33.97%
Bahrain Cinema (CINEMA.BSE)	33.03%
United Gulf Bank (UGB.BSE)	32.95%
Al Salam Bank - Bahrain (SALAM.BSE)	31.71%

Source: Zawya

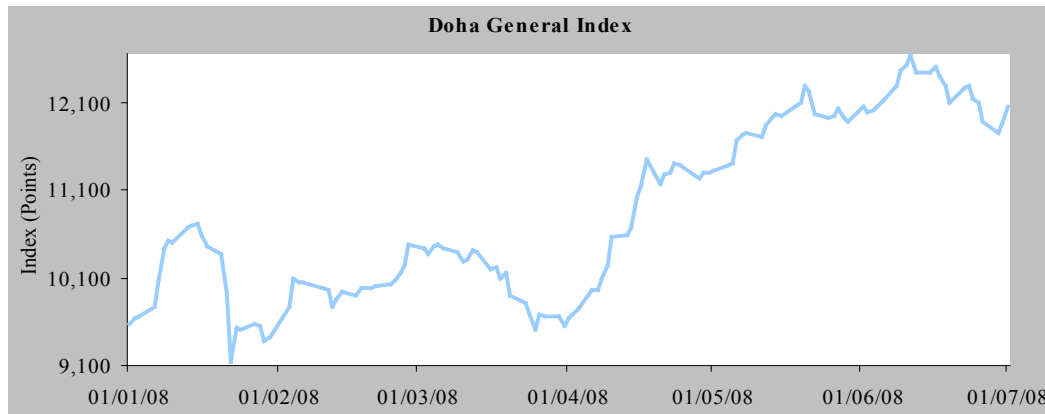
Bahrain Heavyweights' Financial Highlights

- Ahli United Bank (AUB.BSE) announced profits for the first half of 2008 amounting to USD 211.72 million compared with USD 150.72 million for the same period of 2007. The Bank is currently undergoing a transformation to an Islamic Bank, and is awaiting the approval of the Central Bank.
- Gulf Finance House (GFH.BSE) recognised profits amounting to USD 220.30 million for the first six months of 2008 compared with USD 145.92 million for the first six months of 2007.
- Bahrain Telecommunications Company's (BATELCO.BSE) H1 2008 profits declined slightly to USD 134.79 million compared to USD 138.67 million for the same period last year. The Company's Board of Directors approved a 20% cash dividend for holders of the Company's stock of July 24th.
- Investcorp Bank (INVCORP.BSE) announced net profits for the first half of 2008 amounting to USD 151.06 million compared to profits of USD 126.80 million for the same period of 2007.
- Albaraka Banking Group's (BARKA.BSE) first quarter results for 2008 registered at USD 28.24 million, up 39.6% compared to the first quarter of 2007.

9.3 Doha Stock Exchange

The Doha Stock Market General Index rose by 23.83% over the first half of the year, reaching 11,863.86 points on June 30th 2008 compared to a closing price of 9,580.45 points at 2007's year-end. The Index began a climb in January, before dropping sharply to a low of 9,151.93 points on January 22nd. However, the Index continued to climb, with a minor setback at the end of the first quarter of 2008, falling to 9,511.52 on March 25th, with the Index climbing to a high 12,627.32 points on June 11th.

The Doha Stock Exchange reached a high for H1 2008 of 12,627.3 points



Market Highlights

Trading Volume	2.04 billion	P/E (TTM)*	18.31x
Total Turnover	QAR 102.74 billion	P/BV*	3.53x
Daily Average Turnover	QAR 796.40 million	ROE	22.81%
Market Cap (June 30th, 08)	QAR 500.00 billion	ROA	6.21%

* As of August 14th 2008
Source: Zawya

Trading volume for the period was 2.04 billion shares, and the market cap stood at QAR 500 billion

Doha's Top Share Performers

Company Name	Change In Price
Islamic Financial Services Company (IFFS.DSM)	504.17%
Ezdan Real Estate Company (ERES.DSM)	423.65%
Qatar Islamic Bank (QIBK.DSM)	128.84%
Gulf International Services (GISS.DSM)	114.35%
Barwa Real Estate Company (BRES.DSM)	86.28%

Source: Zawya

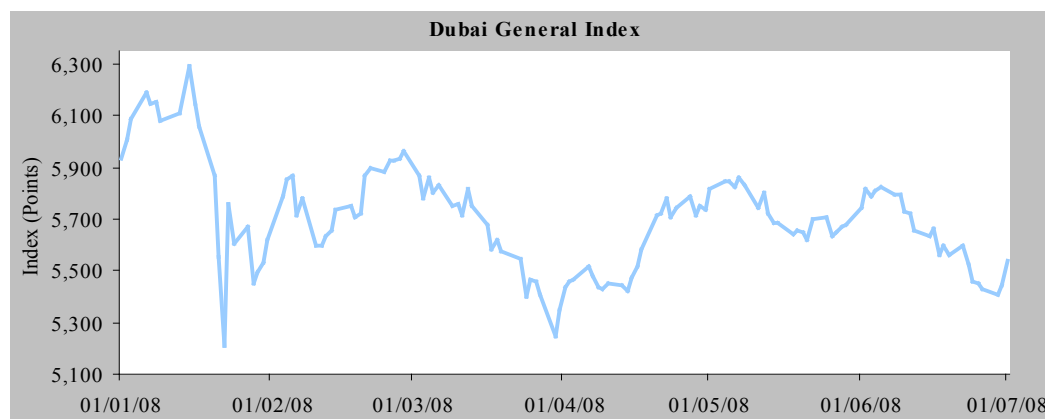
Doha Heavyweights' Financial Highlights

- Industries Qatar (IQCD.DSM) more than doubled its first half profits in 2008 to USD 528.38 million compared with USD 245.39 million for the same period of 2007.
- Qatar National Bank (QNBK.DSM) announced profits for the first half of 2008 amounting to USD 510.03 million, up 54% from H1 2007's USD 331.15 million.
- Ezdan Real Estate Company (ERES.DSM) announced profits amounting to USD 112.28 million for the six months ended June 30th, 2008.
- Aamal Company (AHCS.DSM) announced H1 2008 profits amounting to USD 60.01 million compared with USD 9.42 million for the same period of 2007. The Company also revealed that the Aamal Cement Company will begin production before the end of this year.
- Qatar Islamic Bank (QIBK.DSM) announced profits of USD 234.43 million for the first half of 2008 compared to USD 137.80 million for the same period of last year.

9.4 Dubai Financial Market

The Dubai Financial Market General Index's overall performance was negative during the first six months of 2008, falling by 8.23% to 5,443.78 points at the end of June compared to 5,931.95 points at the close of 2007. Year 2008 started off well, with the Index reaching its high for the six months of 6,291.87 points on January 15th. It then dropped dramatically to 5,210.58 points within the space of one week. February witnessed a recovery, with the Index climbing to 5,960.16 points on February 28th, before dropping to 5,248.80 points on March 30th. The second quarter of the year was also turbulent, albeit to a lesser extent, with declines in the Index at the end of May and towards the end of June.

The Dubai Financial Market reached a high for H1 2008 of 6,291.9 points in January before declining



Market Highlights

Trading Volume	44.58 billion	P/E (TTM)*	14.39x
Total Turnover	AED 203.53 billion	P/BV*	2.50x
Daily Average Turnover	AED 1.62 billion	ROE	20.06%
Market Cap (June 30th, 08)	AED 385.99 billion	ROA	4.85%

* As of August 14th 2008

Source: Zawya

Trading volume for the period was 44.6 billion shares, and the market cap stood at AED 386 billion

Dubai's Top Share Performers

Company Name	Change In Price
Ajman Bank (AJBK.DFM)	135.29%
Gulf General Investment Company (GGICO.DFM)	74.97%
Arabtec Holding (ARTC.DFM)	73.63%
National General Insurance Company (NGLDFM)	59.38%
Gulf Finance House (GFH.DFM)	57.83%

Source: Zawya

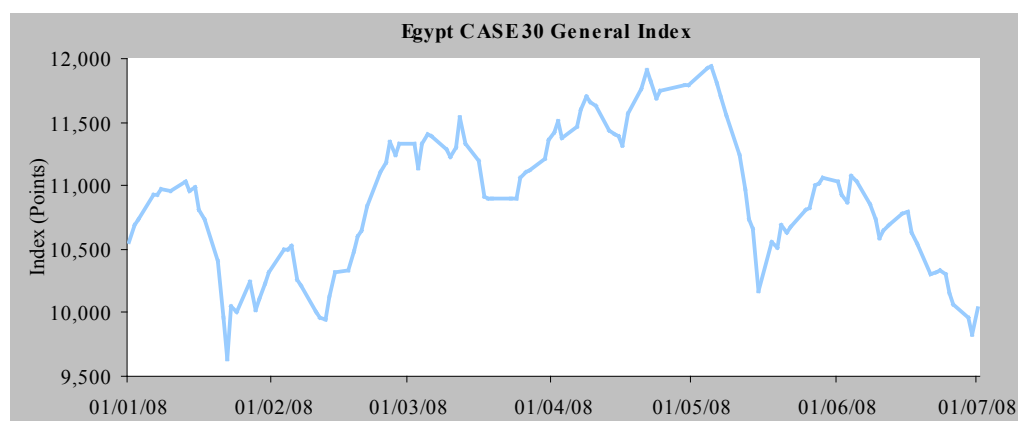
Dubai Heavyweights' Financial Highlights

- Emaar Properties (EMAAR.DFM) announced profits for the first half of 2008 amounting to USD 902.53 million compared to USD 892.65 million for the same period of 2007.
- Emirates NBD (ENBD.DFM) announced H1 2008 profits of USD 720.76 million.
- Mashreq (MASQ.DFM) revealed a 22.6% increase in profits, rising from USD 260.25 million for the first six months of 2007 to USD 319.13 million for the first six months of 2008.
- Dubai Financial Market's (DFM.DFM) interim results revealed a sharp decline in profits, registering at USD 152.42 million for the first half of 2008 compared to USD 203.67 million for the same period the year prior, despite doubling its operating profits. This decline is attributed to gains from unusual items, amounting to USD 127.42 million, that were booked to the P&L in 2007, which increased its bottom line substantially.
- Dubai Islamic Bank (DIB.DFM) announced profits of USD 151.25 million for the first quarter of 2008 compared to USD 115.60 million for the same period of 2007.

9.5 Egypt Stock Exchange

The General Index of CASE 30 fluctuated throughout the first six months of 2008 within a wide range of 9,500 points and almost 12,000 points. While the year started positively, the Index dropped on the 22nd of January to a low 9,639.5 points, before rebounding and falling once more in February. On February 13th, the Index began to climb, reaching 2008's high of 11,935.67 points on May 5th, before falling sharply to 10,169.3 points just ten days later. The Index recovered briefly and then declined to end the first half of 2008 at 9,827.3 points, 6.8% lower than the start of the year.

The Egypt CASE 30 reached a high for H1 2008 of 11,935.7 before declining to end the first half at 9,827.3 points



Market Highlights

Trading Volume	12.44 billion	P/E (TTM)*	11.08x
Total Turnover	EGP 275.40 billion	P/BV*	2.52x
Daily Average Turnover	EGP 2.22 billion	ROE	69.24%
Market Cap (June 30th, 08)	EGP 647.46 billion	ROA	19.59%

Source: Zawya

Trading volume for the period was 12.44 billion shares, and the market cap stood at EGP 647.5 billion

Egypt's Top Share Performers

Company Ticker	Change In Price
Semiramis InterContinental Cairo (SEHO.CASE)	1,106.3%
Nile Cotton Ginning (NCGC.CASE)	541.3%
International Company for Agricultural Crops (IFAP.CASE)	517.8%
Egypt Poultry (EPCO.CASE)	451.5%
Al Ahly for Development & Investment (AFDI.CASE)	429.4%

* As of August 14th 2008
Source: Zawya

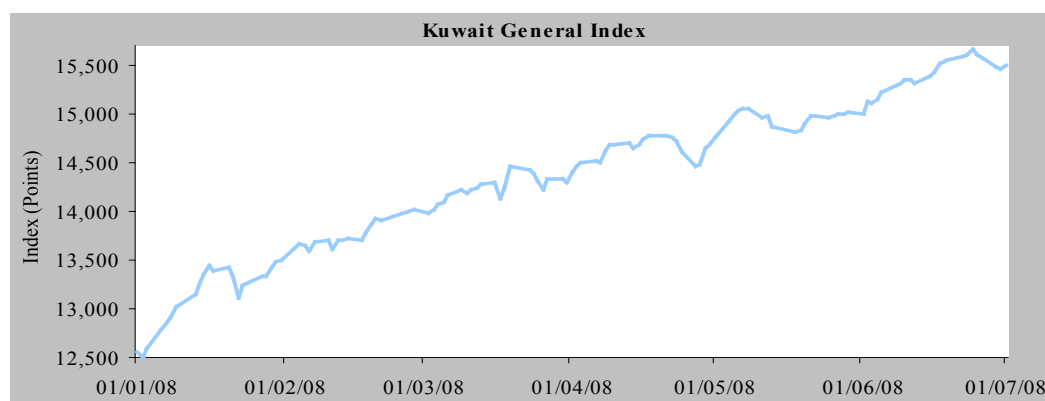
Egypt Heavyweights' Financial Highlights

- Orascom Construction Industries (OCIC.CASE) announced first quarter profits of USD 460.25 million for 2008, more than treble the USD 140.59 million profits registered for the first quarter of 2007.
- Orascom Telecom Holding (ORTE.CASE) realised profits of USD 212.40 million for the first three months of 2008 compared with USD 170.39 million for the same period the year prior.
- Telecom Egypt's (ETEL.CASE) profits for the first quarter of 2008 declined to USD 101.79 million from USD 102.80 million for the first quarter of 2007.
- Al Ezz Dekheila Steel Company - Alexandria (IRAX.CASE) announced Q1 2008 profits of USD 142.67 million compared with profits of USD 89.67 million for Q1 2007.
- EFG Hermes' (HRHO.CASE) profits registered at USD 63.70 million for the first three months of 2008, while the first quarter of 2007 produced profits of USD 44.03 million.

9.6 Kuwait Stock Exchange

The Kuwait Stock Exchange General Index rose by 23.1% from 12,558.90 points at the end of 2007 to 15,456.20 points on June 30th 2008. In contrast to other regional indices, the Kuwaiti General Index followed a consistent upward trend, with very few blimps in its path. As 2008 took off, the Index rose from a low for the year of 12,507.70 on its second day of trading, and continued to climb to reach its high of 15,654.80 points on June 24th, before descending slightly to end the first half of the year 2,897.3 points higher than the start of the year.

The Kuwait General Index rose 23.1% to end the first half of 2008 at 15,456.2 points



Market Highlights

Trading Volume	49.46 billion	P/E (TTM)*	12.52x
Total Turnover	KWD 22.40 billion	P/BV*	2.40x
Daily Average Turnover	KWD 183.62 billion	ROE	21.54%
Market Cap (June 30th, 08)	KWD 55.97 billion	ROA	6.01%

Trading volume for the period was 49.46 billion shares, and the market cap stood at KWD 55.97 billion

* As of August 14th 2008
Source: Zawya

Kuwait's Top Share Performers

Company Ticker	Change In Price
Mena Holding (MENA.HOLD.KSE)	484.6%
AREF Energy Holding Company (AREF.ENERGY.KSE)	462.9%
Al Soor Fuel Marketing Company (SOOR.KSE)	328.6%
Vending Network (NETWORK.KSE)	239.2%
Abyaar Real Estate Development Company (ABYAAR.KSE)	138.2%

Source: Zawya

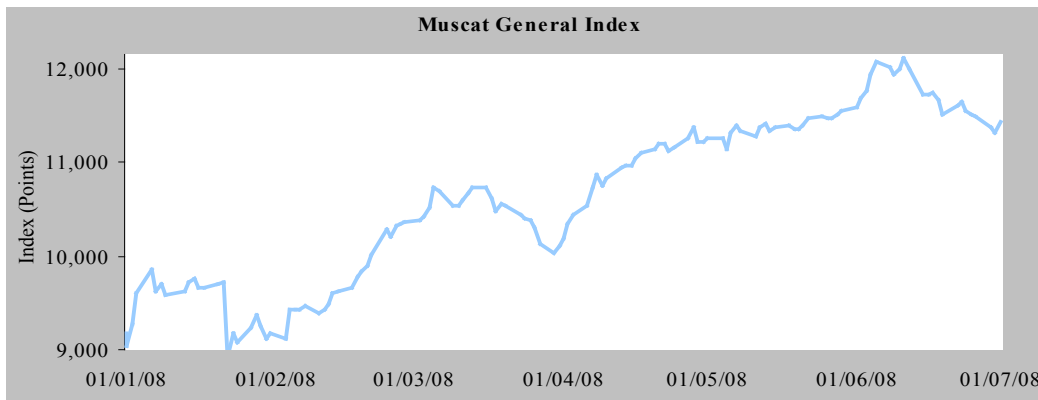
Kuwait Heavyweights' Financial Highlights

- Mobile Telecommunications Company (ZAIN.KSE) announced interim profits of USD 558.38 million compared to USD 517.05 million for the first half of 2007.
- Kuwait Finance House's (KFIN.KSE) profits for the first half of 2008 amounted to USD 593.79 million compared with USD 404.90 million for the same period last year.
- National Bank of Kuwait (NBK.KSE) announced H1 2008 profits of USD 660.76 million, up 31.8% compared to H1 2007.
- National Industries Group Holding (NIND.KSE) announced profits of USD 229.10 million for the first quarter of 2008, while Q1 2007 profits registered at USD 206.88 million.
- Commercial Bank of Kuwait (CBK.KSE) registered a 25.7% increase in its interim profits, which registered at USD 265.92 million for the first half of 2008 compared with USD 211.50 million for the first half of 2007. The Commercial Bank is currently undergoing procedures to purchase Investment Dar Co. KSC's 12.5% stake in Syria's Cham Bank.

9.7 Muscat Stock Exchange

Muscat Stock Exchange started off positively, with its general index rising from 9,035.46 on the 1st of January to reach 9,727.34 points on the 21st of January. However, on the 22nd of the month, the index dropped to its lowest point for the first half of 2008 of 8,916.92 points, a significant 8.33% decline compared to the previous day. The index recovered the following day to climb to its high on the 11th of June of 12,109.10 points. By the end of the first half of 2008, the index has registered an increase of 25.3% compared to the end of 2007.

The Muscat General Index rose by 25.3% during the first six months of 2008



Market Highlights

Trading Volume	2.77 billion	P/E (TTM)*	13.55x
Total Turnover	OMR 2.32 billion	P/BV*	2.88x
Daily Average Turnover	OMR 17.98 billion	ROE	24.65%
Market Cap (June 30th, 08)	OMR 11.09 billion	ROA	5.50%

Trading volume for the period amounted to 2.77 billion shares, and the market cap stood at OMR 11.09 billion as of June 30th 2008

* As of August 14th 2008
Source: Zawya

Muscat's Top Share Performers

Company Ticker	Change In Price
Gulf Investment Services Company (GISL.MSM)	153.3%
Oman Flour Mills Company (OFML.MSM)	144.8%
Oman Fisheries Company (OFCL.MSM)	129.2%
The Financial Corporation Company (FINC.MSM)	120.9%
United Finance Company (UFCL.MSM)	115.6%

Source: Muscat Stock Exchange

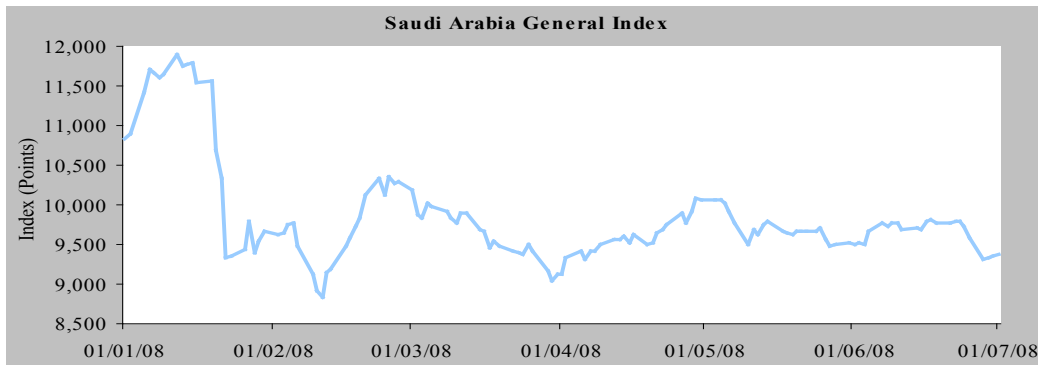
Muscat Heavyweights' Financial Highlights

- Bank Muscat (BKMB.MSM) announced profits for the first half of 2008 of USD 150.20 million compared with USD 104.48 million for the same period of 2007.
- Oman Telecommunications Company (OTEL.MSM) revealed a 54% increase in its H1 2008 profits compared to the same period of last year. The Omani Government, who owns a 70% stake in OTEL, has changed the deadline for submission of proposals to purchase 25% of the Government's stake in OTEL from September to August.
- National Bank of Oman's (NBOB.MSM) interim profits amounted to USD 58.64 million compared to profits of USD 49.81 million for the first half of 2007.
- Raysut Cement Company (RCCI.MSM) announced profits for the first six months of 2008 amounting to USD 53.33 million, up 63.3% compared to the same period the year prior.
- Galfar Engineering & Contracting's (GEC.MSM) profits for the first quarter of 2008 increased by 48% to USD 18.8 million compared to the same quarter of 2007.

9.8 Saudi Arabia Stock Exchange

The Saudi Arabia Stock Exchange started off 2008 positively, with an incline in the General Index to reach 2008's high of 11,895.47 points on January 12th. However, it soon shifted to a sharp downward trend, falling beneath the 10,000 point support level, and reaching a low for the first half of 2008 of 8,836.44 points just one month later. The rest of February saw the Index recover back over the 10,000 point level, before it began to descend once again. The Index continued to fluctuate at around the 9,500 point level, and ended the first half of 2008 at 9,352.32 points, down a substantial 13.7% from the start of the year.

The Saudi Arabia General Index declined in H1 2008 by 13.7% to end the first half at 9,352.3 points



Market Highlights

Trading Volume	33.36 billion	P/E (TTM)*	15.57x
Total Turnover	SAR 1,298.19 billion	P/BV*	2.86x
Daily Average Turnover	SAR 9.69 billion	ROE	18.34%
Market Cap (June 30th, 08)	SAR 1,774.53 billion	ROA	5.44%

Trading volume for the period registered at 33.4 billion shares, and the market cap reached SAR 1,774.5 billion

* As of August 14th 2008
Source: Zawya

Saudi Arabia's Top Share Performers

Company Ticker	Change In Price
Arabia Insurance Cooperative Company (8160.SSE)	187.5%
Basic Chemical Industries (1210.SSE)	185.0%
Rabigh Refining & Petrochemical Company (2380.SSE)	179.8%
Al Sagr Cooperative Insurance Company (8180.SSE)	175.0%
Bupa Arabia for Cooperative Insurance (8210.SSE)	165.0%

Source: Zawya

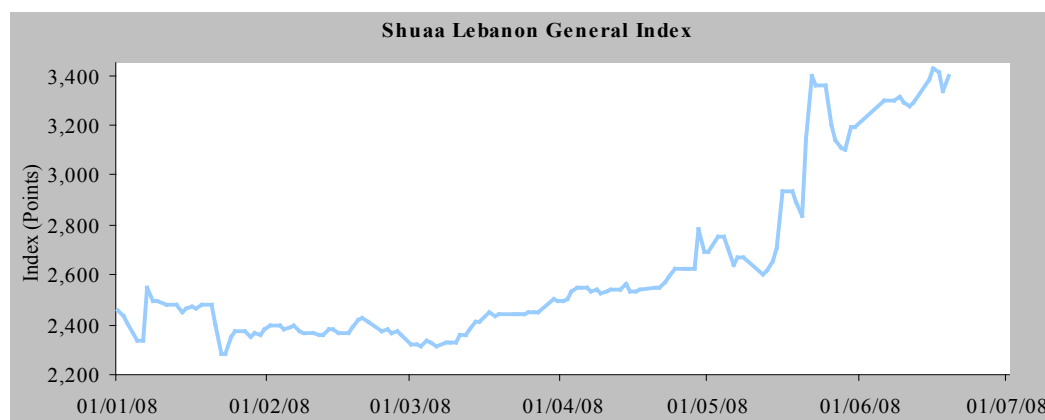
Saudi Arabia Heavyweights' Financial Highlights

- Saudi Basic Industries Corporation - Sabic (2010.SSE) announced profits of USD 3.86 billion for the first half of 2008 versus USD 3.40 billion for the first half of 2007. The Bank is intending to pay dividends of SAR 1.75 (USD 0.46) per share for the first half to shareholders registered on July 23rd.
- Saudi Telecom (7010.SSE) realised profits for the first six months of 2008 amounting to USD 1.83 billion compared to USD 1.55 billion last year. The Company has indicated that it wants to buy a 25% stake in Omantel.
- Al Rajhi Bank's (1120.SSE) profits for the first half of 2008 amounted to USD 892.84 million compared with USD 847.90 million for the same period of 2007.
- Samba Financial Group (1090.SSE) experienced a decline in profits from USD 684.90 million at the end of H1 2007 to USD 647.49 million at the end of H1 2008, attributed to losses made from their brokerage activities.
- SABB (1060.SSE) announced profits of USD 414.44 million for the first half of 2008 compared to profits of USD 333.66 million for the same period of 2007.

9.9 Lebanon Stock Exchange

The Lebanon Stock Exchange was the best performing market in the region over the six month period ended June 30th 2008, with its index rising by 38.05%, opening on January at 2,460.47 points and closing on the 19th of June, which was the last day of trading in that month, at 3,396.76 points. The markets recorded its low for the period on January 22nd, registering at 2,281.24 points, before climbing to reach 3,399.69 on May 22nd, before dropping 8.7% to 3,102.73 a week later. The Index recovered to reach its high for the period of 3,423.90 points on June 16th.

The Lebanon General Index rose by 38.1% over the first six months of 2008, and reached a high for the period of 3,399.7 points



Market Highlights

Trading Volume	20.10 million	P/E (TTM)*	24.68x
Total Turnover	USD 417.41 million	P/BV*	2.72x
Daily Average Turnover	USD 3.90 million	ROE	11.61%
Market Cap (June 30th, 08)	USD 19.65 million	ROA	1.40%

* As of August 14th 2008

Source: Zawya

Trading volume reached 20.1 million shares, while the market cap registered at USD 19.65 million

Lebanon's Top Share Performers

Company Ticker	Change In Price
The Lebanese Co. for the Dev. & Reconstruction of Beirut Central District (SOLA.LBSE)	61.5%
Société Libanaise des Ciments Blancs (CBB.LBSE)	35.7%
Bank Audi (AUSR.LBSE)	34.3%
Byblos Bank (BYB.LBSE)	24.8%
Rasamny Younis Motor Company (RYM.LBSE)	22.2%

Source: Zawya

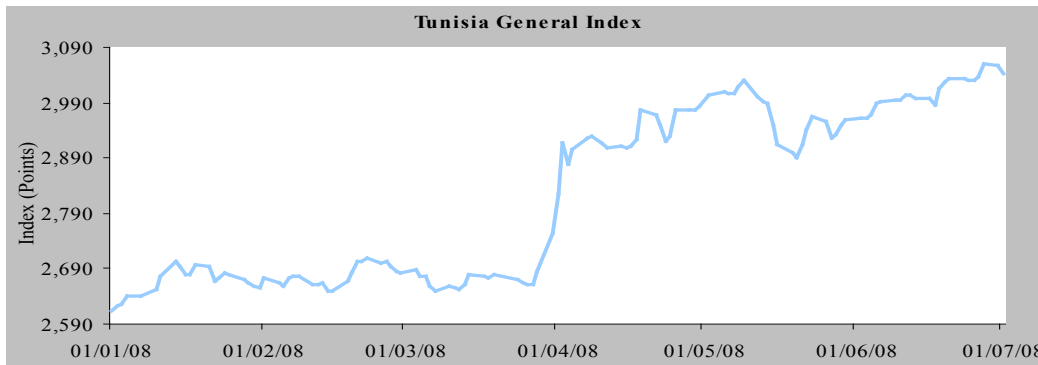
Lebanon Heavyweights' Financial Highlights

- The Lebanese Co. for the Development & Reconstruction of Beirut Central District / Solidaire's (SOLA.LBSE) consolidated profits for 2007 increased by 70% to USD 224.2 million. No 2008 financial results have been released to date.
- Holcim Liban (HOL.LBSE) announced profits for 2007 of USD 15.5 million, down 22% compared to 2006 profits. The Company also revealed that it will pay USD 13.7 million in dividends at LBP 1,053 per share.
- Bank Audi (AUSR.LBSE) saw its profits for the first half of 2008 rise 43% from USD 93 million to USD 124 million.
- Blom Bank (BLBD.LBSE) announced profits for the first half of 2008 of USD 130.8 million.
- BLC Bank (BLC.LBSE) announced H1 2008 profits of USD 13.4 million. During 2008, the Bank increased its paid up capital by 2.9% to LBP 508.96 billion (USD 337.35 million).

9.10 Tunisia Stock Exchange

Tunisia's stock market was uneventful during the first quarter of 2008, fluctuating between 2,600 points and 2,750 points. At the end of March, however, the General Index began to rapidly pick up, soaring by almost 200 points in the space of a week, reaching 2,928.74 points on April 8th. The Index continued to rise into May reaching 3,009.52 on May 5th before dropping to 2,889.42 points on the 20th. However, the market began to ascend once again to reach its high for the six months of 3,059.79 points on June 27th, before ending the first half of the year at 3,057.79, up 17.0% since the start of the year.

The Tunisian General Index followed an upward trend to end H1 2008 at 3,057.8 points, 17% higher than the start of the year



Market Highlights

Trading Volume	35.73 million	P/E (TTM)*	23.25x
Total Turnover	N/A	P/BV*	2.18x
Daily Average Turnover	N/A	ROE	30.79%
Market Cap (June 30th, 08)	TND 7.69 billion	ROA	10.85%

Trading volume amounted to 35.7 million, while the market cap reached TND 7.7 billion

* As of August 14th 2008
Source: Zawya

Tunisia's Top Share Performers

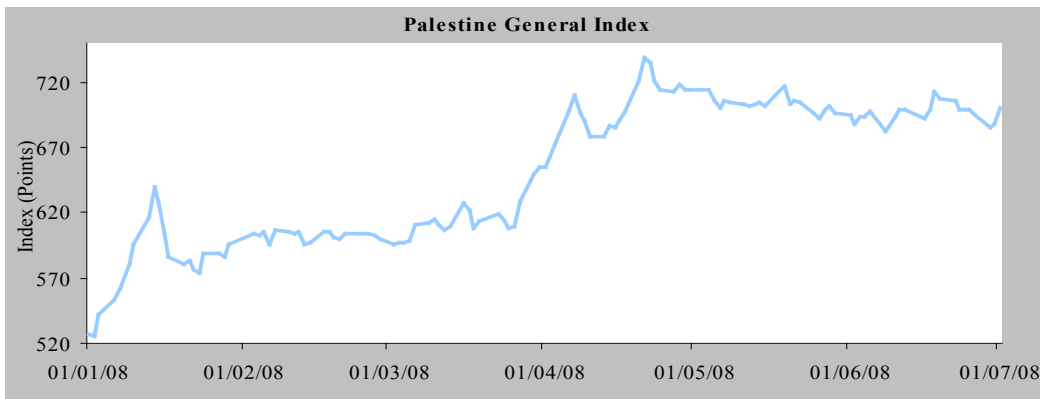
Company Ticker	Change In Price
Astree Assurances (AST.TSE)	257.5%
Societe Tunisienne d'Assurances et de Reassurances (STAR.TSE)	200.9%
L'Accumulateur Tunisien ASSAD (ASSAD.TSE)	167.4%
Tunisie Leasing (TLS.TSE)	88.4%
Laboratories Adwya (ADWYA.TSE)	68.6%

Source: Zawya

9.11 Palestine Stock Exchange

The Palestine Stock Exchange General Index performed positively during the first six months of 2008, rising by 30.6%. 2008 took off with the Index decreasing slightly to 526.19 points, which was its low for period, before rising to 640.38 points on January 14th. The Index dropped sharply before resuming a minor upward sloping trend to end the first quarter of the year at 655.22 points. During the last week of March, the Index began to climb aggressively, reaching its six-month peak of 738.67 points on April 21st, and ended the first half of the year at 688.58 points.

The Palestinian General Index rose by 30.6% during the first half of 2008 to reach 688.6 points



Palestine Heavyweights' Financial Highlights

- Palestine Telecommunication Company - PALTEL (PALTEL.ADSM) announced profits of USD 59.61 million for the first half of 2008, up 53.3% from the USD 38.89 million profits for the first half of 2007.

10.0 OUTLOOK

The stock market in the first half of 2008 was characterised by record-breaking prices for stocks and the General Index alike, burgeoning trading volumes, in addition to substantial returns made on investments. Blue-chip companies' share prices rose to unprecedented levels, particularly for those in the Industrial Sector, while financial performances of the majority of companies in the market over the same period were equally impressive.

Economic conditions have so far supported the continued growth of Jordan's capital market; High oil prices have helped supply the market with liquidity in the form of foreign investments and remittances from Jordanians working in the Gulf. The effect of rising oil prices has spilled over to prices of other goods and services, leading to double digit inflation rates. This affects the stock market in two ways, rising inflation drives a need to spend cash in anticipation of growing inflation rates and therefore declining purchasing power. It also positively affects corporate profits, as companies can sell at higher prices earning higher profit margins.

The economic crisis in the US has led the US government economy to reduce interest rates to trigger spending and investment, in a bid to boost the economy. The peg to the dollar has necessitated a corresponding decline in interest rates in the domestic market, albeit at a lower frequency than the declines by the fed. Lower interest rates offered underlines the stock market as a higher returns generator than the returns that can be earned by depositing excess liquidity in banks. This has helped create trading activity in the Amman Stock Exchange. Going forward, however, in a bid to combat inflation, the US federal reserve should begin to raise interest rates, which will lead the Central Bank of Jordan to also raise interest rates in the domestic market, which will trigger a shift of liquidity away from the capital market to the safer option of bank deposits, a shift that will be exacerbated if it is preceded by a slump in the stock market.

Moreover, the recent developments in the global economy are starting to strain on countries across the globe and their respective capital markets, which, coupled with economic slowdowns, is triggering a mass withdrawal of funds that are invested in markets outside their domestic market. Furthermore, the declining oil prices of late are reducing oil wealth and excess liquidity in the GCC countries. This is expected to begin to reduce the level of GCC investment in Jordan. With foreign investment comprising almost 50% of the total market cap, this decline in liquidity does not bode well for the Jordanian stock market.

In the post-June period, stock markets of the region have been receding, an effect that has historically been mirrored in the trend of the ASE General Index. Our overall outlook in the short-term for the regional markets is bearish, and this is expected to negatively influence the Jordanian stock market in the coming few months. Investor sentiment in Jordan is currently negative following continuous declines in the General Index and trading volumes over the past few weeks, and investors will look towards the region to determine what the possible outlook for the market will be.

Technical analysis of the General Index reveals that while the Index's major trend still appears to be upwards, the recent declines in its performance in recent weeks mean that it is currently trading at around its 100-day moving average level. A downward break of this level will signal long-term investors and funds to begin to liquidate positions. The 200-day moving average for the General Index is at around the 4,000 point market, and this represents a level, if broken, at which the investors and funds are likely to fully liquidate their positions and withdraw their liquidity from the market. It remains to be seen whether the Index is undergoing a correction or is experiencing a reversal in its major trend.

On a positive note, corporate profitability is on the rise, with more of the profits being generated from corporate profitability, a phenomenon that is expected to continue while inflation remains high. Moreover, the inevitable US economic recovery, and the appreciation of the dollar against other major currencies will help to reduce imported inflation, supporting profit margins, in addition to increasing Jordan's exports to the US, which is its main export country. These factors bolster fundamental valuations of companies in Jordan and the economy overall, benefits that will inevitably feed back into the Amman Stock Exchange.

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